



STATE OF CONNECTICUT
STATE ELECTIONS ENFORCEMENT COMMISSION

**TESTIMONY PRESENTED BEFORE THE GOVERNMENT ADMINISTRATION AND
ELECTIONS COMMITTEE**

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House Bill 6530 – An Act Concerning Election Legal Funds

The State Elections Enforcement Commission provides the following testimony in support of House Bill 6530.

House Bill No. 6530 represents the Commission's proposal to create a new type of political committee called an Election Legal Fund. In 2010, because of closely contested races and numerous legal matters surrounding them, including two recounts, ballot contests and challenges to the constitutionality of the election laws themselves, the current system of candidates paying for legal fees was robustly tested. House Bill No. 6530 provides improvements where the current law was found to provide insufficient guidance and less than optimal public disclosure. In brief, it will allow candidates, through the creation of a new type of political committee, to raise funds--in a transparent way, subject to public scrutiny--for election-related legal matters without being forced to spend campaign funds (although such candidates may still choose to do so). The bill also addresses disclosure requirements and surplus distribution rules for this type of committee. It keeps in place certain elements of the current system which are both functional and familiar.

Under the current system, if a campaign-related legal matter arises, before, during or after a campaign, the following options are available:

1. The candidate committee may pay for the legal expenses related to "campaign activities, obtaining or contesting ballot status, nomination, or election, and compliance with [Chapter 155]," out of existing committee funds. General Statutes § 9-607 (g) (2) (P). Some legal matters would not be covered by this provision, however, depending on the nature of the challenge. Note that contributions to the committee for legal expenses are constrained by all the normal contribution limitations—this is particularly burdensome for CEP candidates who have such small limits to begin with.
2. A candidate may also raise new funds to pay for legal expenses outside the structure of his or her candidate committee. To do this, the candidate must establish a new bank account in which it would deposit the newly raised funds. Contributions may be collected from any source that can make a contribution to the original committee, but without monetary limits. With the passage of Public Act. 10-1, this would include communicator lobbyists. Note that CEP candidates are limited to collecting from individual human beings, although no contribution limits will apply. One major disadvantage of this option is that there is no mechanism for public disclosure of the money coming in or going out of the account. Although the law limits

the source of contributions, and this implicitly gives SEEC jurisdiction to audit such contributions, there is no requirement that the candidate publicly disclose such contributions.

3. Finally, attorneys may also volunteer to represent the committee/candidate on a *pro bono* basis. Provision of such free services is limited, however, to the services of the individual attorney and would not include provision of the assets of the firm (e.g., research software, office equipment, labor of non-volunteer support staff) for free. Thus the committee would need to pay for these services or assets. Note that there is no disclosure under the law of any *pro bono* services provided.

House Bill No. 6530 improves the current system for funding election law challenges, while leaving intact the working pieces of the existing laws. The bill coins the term "Election Legal Fund" as a new type of political committee, formed in much the same way as other "PACs" by filing a SEEC Form 3 registration with our agency. Election Legal Fund committees can only be created by candidates or former candidates for controversies arising out of the candidate's campaign and such candidates may establish more than one Election Legal Fund for different controversies. Most importantly, the bill provides reporting and dissolution requirements for these committees.

Under this proposal, Election Legal Fund committees are allowed to collect contributions from the same types of contributors that can contribute to nonparticipating candidate committees for that respective office. This represents a departure from the current system where candidates in the CEP can only accept contributions for legal expenses from the same sources that could contribute to their candidate committees – i.e. individual human beings. Also unlike now, all of the contribution limitations that would normally apply to a candidate committee for non-participating candidates would apply to Election Legal Funds of both non-participating and participating candidates. For example, an individual may contribute up to \$3,500 to a gubernatorial candidate's Election Legal Fund regardless of what they have already contributed to that candidate's candidate committee. Both participating and non-participating candidates may also accept contributions from other political committees and party committees up to certain limits. Finally, candidates and their families can give unlimited amounts to the legal fund—such donations are not considered contributions.

This bill also preserves all of the lobbyist limitations for Election Legal Fund committees for General Assembly and Statewide candidates; i.e. lobbyists can't give more than \$100, they can't bundle contributions for these committees, they can't contribute during the legislative session to such committees, and they can't solicit for such committees from clients.

Under this proposal attorneys can still work as volunteers for candidates and candidate committee funds can still be spent on most legal challenges that arise from the election. This bill merely creates an additional formal structure, with consequent public disclosure, for raising contributions for legal actions.

Finally, this bill provides for a substantial increase in the amount of disclosure surrounding the financing of legal challenges and provides much needed guidance to the regulated community on how to finance such actions without disproportionately impacting the election or the candidate's personal financial circumstances.

Accordingly, this bill will bring Connecticut into the fold of model states that continue to emphasize transparency in political campaign funding, and would help secure our position as a national leader in campaign financing reform. Thank you for your consideration.